

**City of Alameda
Budget Study Session
May 29, 2012**



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Budget Presentation Outline

- General Fund Budget Overview
- General Fund Budget: Revenue / Expenditure Projections
- Options for Addressing Projected Budget Deficits
- State Impacts / Other Budget Highlights
- Capital and Maintenance Projects
- Budget Outreach Efforts / Budget Challenge
- Council Direction on Proposed Budget

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General Fund Budget Overview

- February 2012 – Mid-Year Report Presented to Council:
 - Total expenditure budget of \$72 million for FY11-12 with projected fund balance of \$15.4 million (21%)
 - Forecast deficit of \$4.4 million for FY12-13 and \$3.1 million for FY13-14
 - Projected ending available fund balance of \$11.0 million (15% of budget) for FY12-13 absent corrective actions

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General Fund Budget Overview (continued)

- May 2012 – Staff prepared revised budget estimates for FY12-13 through FY16-17
 - Projects deficits of \$5.1 to \$8.7 million annually thru FY16-17
 - Assumes revenue growth of 1-3% annually
 - Incorporates new Miscellaneous / Safety PERS rates, including 2% additional employee contribution for Safety
 - Assumes health and OPEB increases of 12% per year
 - Assumes no salary increases through FY16-17 for sworn safety and incorporates net projected savings from MOU negotiations for ACEA, MCEA and PANS
 - Assumes 3% increases for all non-personnel expenses resulting from inflation beginning in FY14-15.

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General Fund Budget Overview (continued)

5 Year Projections for FY12-13 through 16-17
(In Millions) - without adopted changes

	12-13	13-14	14-15	15-16	16-17
Revenues	\$69.6	\$69.9	\$71.2	\$ 72.5	\$ 73.8
Expenses	74.7	76.5	78.4	80.3	82.5
Deficit For Year	\$(5.1)	\$(6.6)	\$(7.2)	\$(7.8)	\$(8.7)
Ending Available Fund Balance	\$12.7	\$ 6.1	\$(1.1)	\$(8.9)	\$(17.6)
% of Expenses	17%	8%	-1%	-11%	-21%

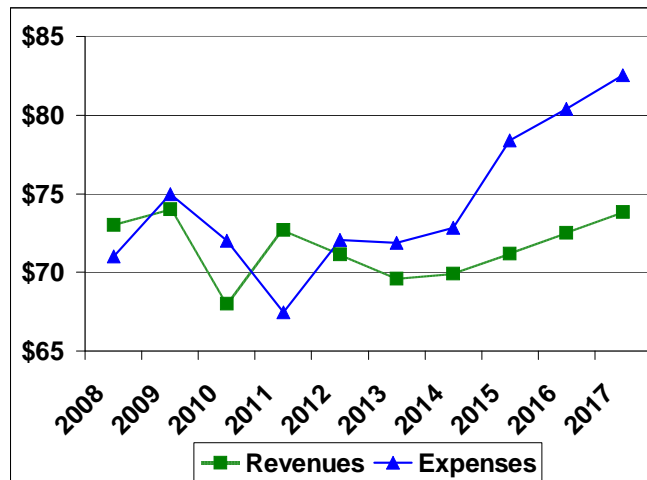
Ending Available Fund Balance assumes **no** cost-saving measures are taken.

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General Fund Budget – Revenue and Expense Trends (\$ in millions)

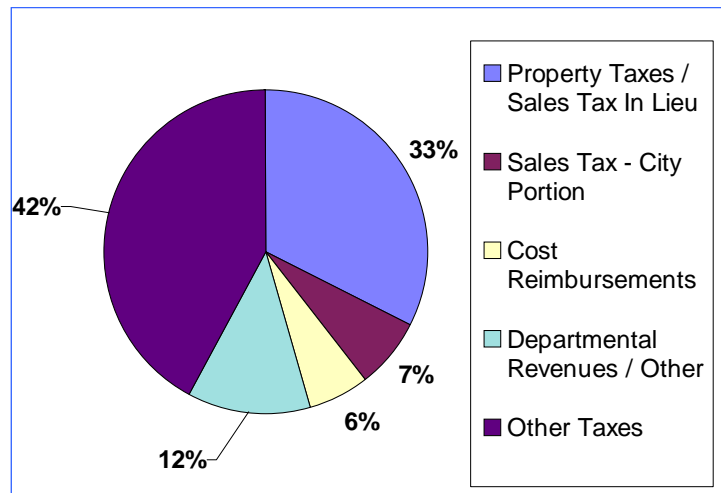


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General Fund Budget – Major Revenue Sources



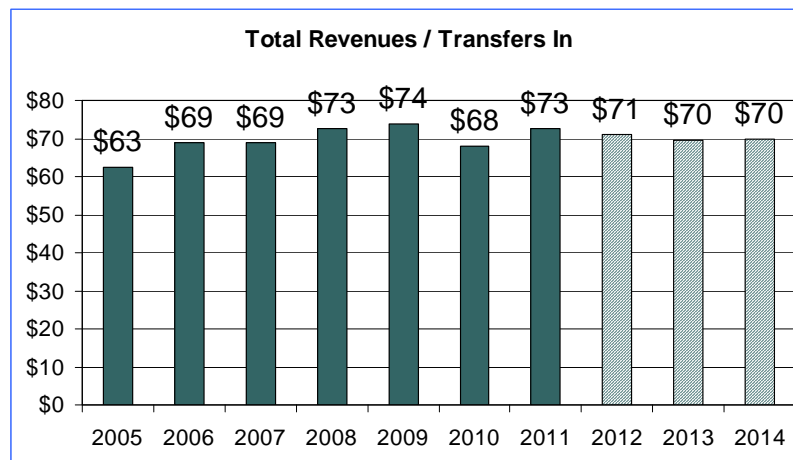
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General Fund Budget Total Revenue Trend

(\$ in millions)



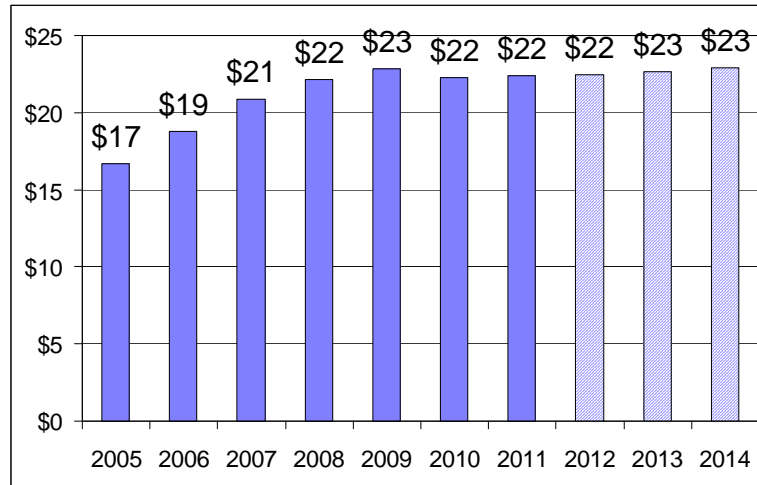
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General Fund Budget Property Tax Revenue Trend

(\$ in millions)

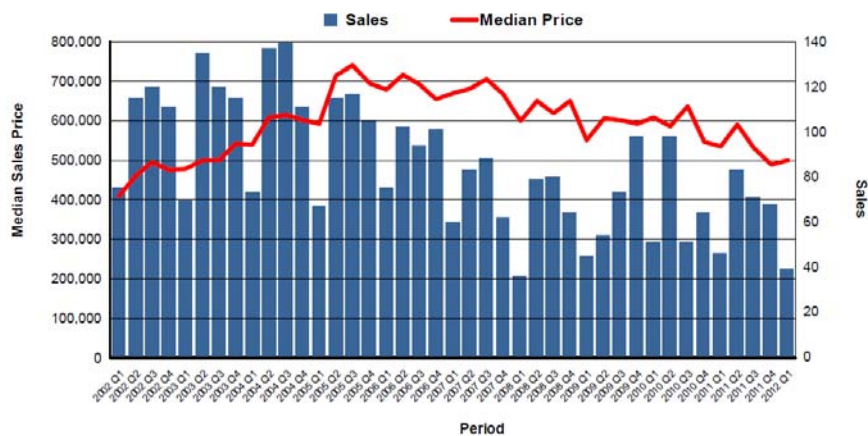


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General Fund Budget Property Tax – Property Sales Trend

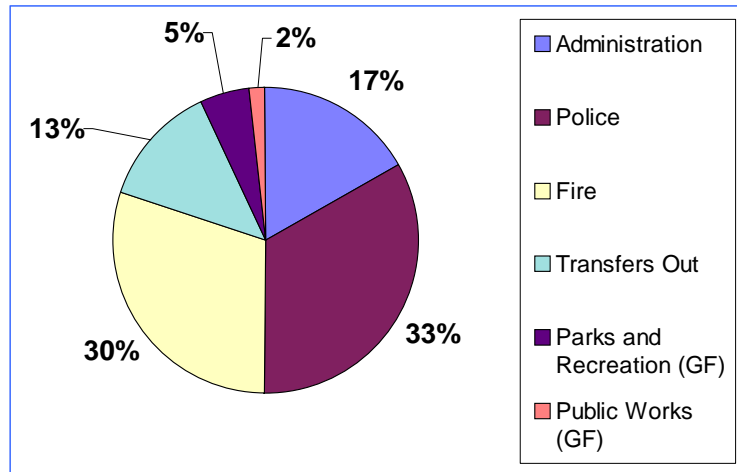


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General Fund Budget – Major Expenditure Categories

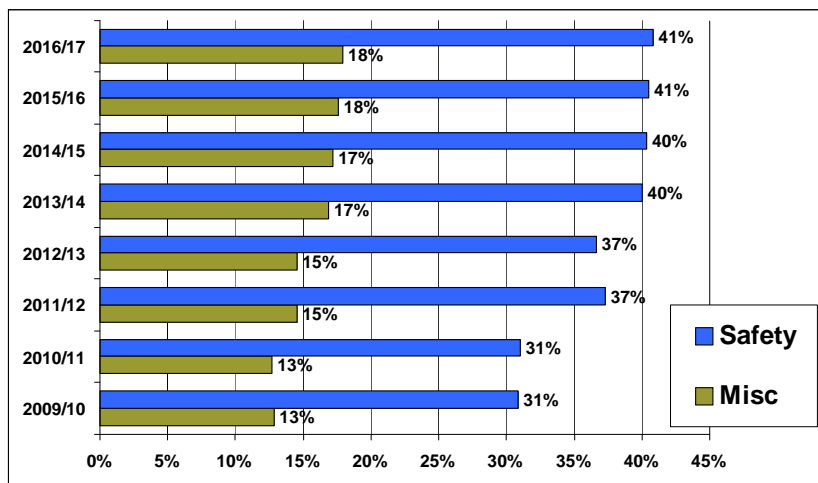


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PERS Rates Trend – City Portion



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Closing the Gap for FY12-13: Proposed Expenditure Reductions

(continued)

A. General Government: \$495K (6%)

- City Attorney
 - Eliminate vacant Management Analyst position
- City Clerk
 - Reorganize department
- City Manager / Council
 - Reallocate portion of City Manager / Deputy City Manager to ARRA and Public Works, respectively
- Information Services
 - Eliminate Telecom Maintenance Technician
 - Reduce contractual services

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Closing the Gap for FY12-13: Proposed Expenditure Reductions

(continued)

B. Administrative Services: \$240K (7%)

- Human Resources
 - Eliminate vacant Management Analyst position
- Finance
 - Impose new Business License processing fee
 - Reduce other operational costs

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Closing the Gap for FY12-13: Proposed Expenditure Reductions

(continued)

C. Public Safety: Police: \$1.181 million (5%)

- Outsource Animal Shelter Operations – Implemented - \$497K
- Eliminate Jail Operations (\$653K net savings)
- Eliminate Admin Tech III Position (\$104K savings)
- Add one Intermediate Clerk for Parking Citation program (\$32K net cost)

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Closing the Gap for FY12-13: Proposed Expenditure Reductions

(continued)

D. Public Safety: Fire: \$451K (2%)

- Use grant funds for wildlife equipment
- Reduce planned equipment purchases
- Reduce overtime budget

Note that EMS annual savings of \$874K is incorporated in the General Fund base budget

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Closing the Gap for FY12-13: Proposed Expenditure Reductions (continued)

E. Parks, Public Works and Library

- Parks and Recreation: \$388K (10%) in FY12-13, \$409K (10%) in FY13-14
 - Move three staff positions from General Fund to Athletic Trust Fund
- Public Works - \$435K of savings resulting from AMP / new VLF used to fund FY12-13 capital improvements
- Library (General Fund transfer portion) \$68K (3%)
 - Reduce non-personnel costs, including books / manuals

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Closing the Gap for FY12-13: Summary of Proposed Reductions/Revenue Offsets

Expenditure Category	2012-13	2013-14
General Government	495,000	501,000
Administrative Services	240,000	210,000
Police	1,181,000	1,181,000
Fire	451,000	464,000
Library (Transfers Out)	68,000	68,000
Recreation/Parks	388,000	409,000
Total	2,823,000	2,833,000

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Closing the Gap for FY12-13: Revenues

- Includes \$200K of additional reimbursements to the General Fund, resulting from the internally prepared Cost Allocation Plan.
- The revised budget does not include any projected revenues from a proposed ½ cent Measure C local sales tax that has been placed on the June 2012 ballot.

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Closing the Gap for FY12-13: Use of One-Time Funds

- Receive advance of future years' PILOT from AMP (\$1 million 12-13, \$1.2 million 13-14)
- Receive repayment of loan to FISC Fund for public safety services (\$480K FY12-13 only)
- Use of carryover of projected budget savings FY11-12 (\$.8 million 12-13, \$0.2 million 13-14)

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Closing the Gap for FY12-13: Projected General Fund Savings from MOU Negotiations with 3 Miscellaneous Bargaining Units

	12-13	13-14	14-15	15-16	16-17
PERS Savings	\$ 86,998	\$ 175,301	\$ 178,368	\$ 180,152	\$ 180,152
Health Savings *	\$ -	\$ 41,713	\$ 108,454	219,245	\$ 336,682
Wage Increases *	\$ -	(69,859)	(234,086)	(329,572)	(329,572)
Net Projected Savings from negotiations with PANS/ACEA/MCEA	\$ 86,998	\$ 147,155	\$ 52,737	\$ 69,824	\$ 187,262

* Cumulative Effect on Budget for the Fiscal Year

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5 Year Projections FY12-13 to 16-17 (in Millions) – with Expense/MOU Reductions

	12-13	13-14	14-15	15-16	16-17
Revenues	\$69.6	\$69.9	\$71.2	\$ 72.5	\$ 73.8
Expenses (net of reductions)	\$71.9	\$73.7	\$75.6	\$ 77.5	\$ 79.7
Budget Carryover from FY11-12	0.7	0.3			
Projected Savings MOU Negotiations	0.1	0.1	0.1	0.1	0.2
One-Time Funds	1.5	1.2			
Use of Prior Years Fund Balance	\$ 0.0	\$(2.2)	\$(4.3)	\$(4.9)	\$(5.7)
Ending Available Fund Balance	\$17.0	\$14.5	\$10.2	\$ 5.3	\$(0.4)
% of Expenses	24%	20%	14%	7%	0%

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Other Budget Highlights

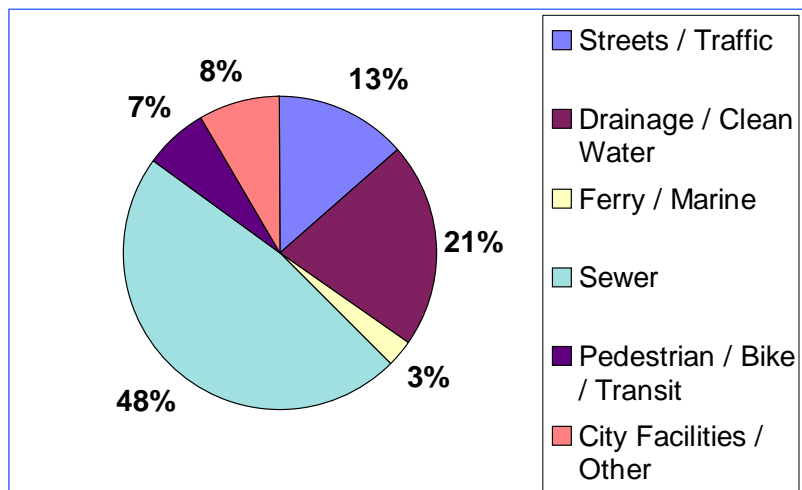
- Expiration of SAFER Grant funding for firefighters
- Financing for additional fire apparatus
- Community Development staffing changes
- Changes in funding received by City:
 - Redevelopment / COPS grant
- Recent Legislation regarding CIC dissolution, including possible reversal of proceeds received from sale of Lincoln Parking Lot in FY10-11 - \$735K

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Capital Project Summary \$17.8 Million for FY12-13

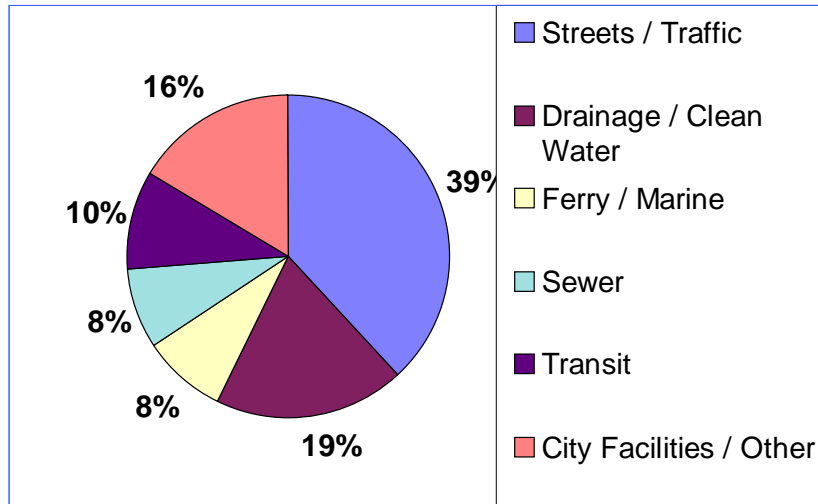


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Maintenance Project Summary \$4.0 Million for FY12-13

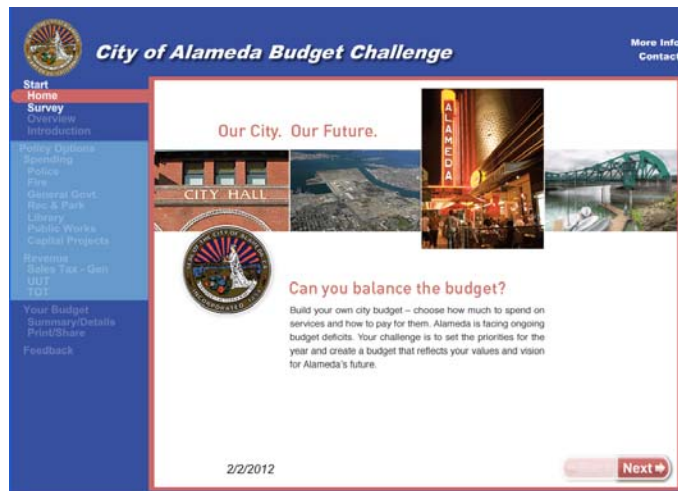


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Budget Challenge Survey

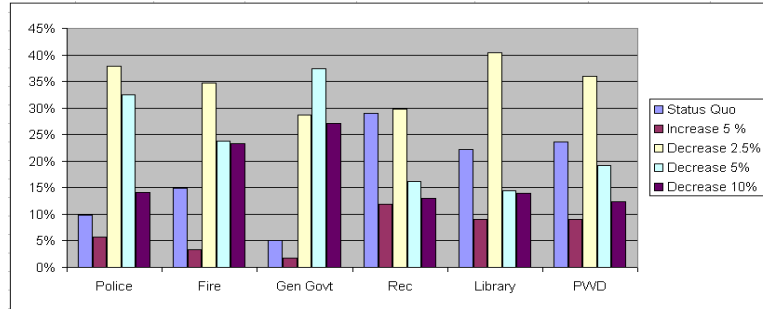


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Budget Challenge Survey Results: Department Expenditures



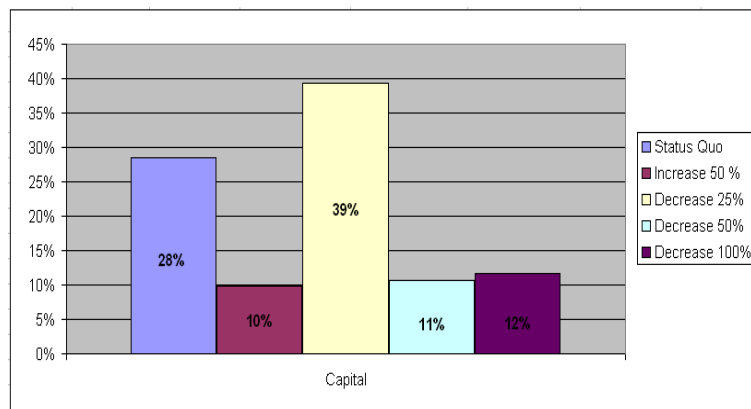
	Status Quo	Increase 5 %	Decrease 2.5%	Decrease 5%	Decrease 10%
Police	10%	6%	38%	32%	14%
Fire	15%	3%	35%	24%	23%
Gen Govt	5%	2%	29%	37%	27%
Rec	29%	12%	30%	16%	13%
Library	22%	9%	40%	14%	14%
PWD	24%	9%	36%	19%	12%

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Budget Challenge Survey Results: Capital Project Expenditures

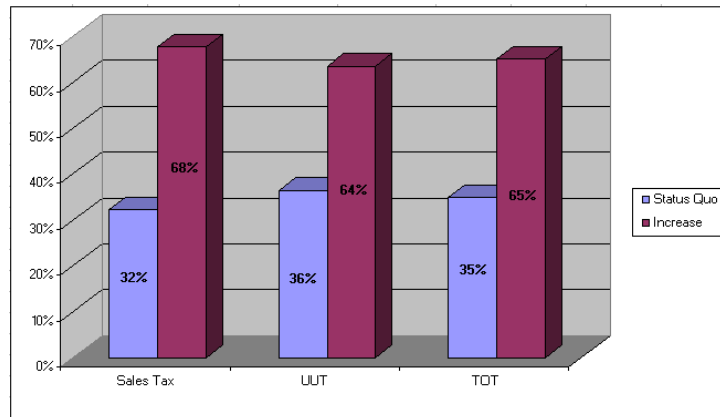


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Budget Challenge Survey Results: Revenue Enhancements



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Council Direction on Proposed Budget

- Proposed reductions
- One-time items and use of reserves
- Capital and maintenance projects

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Next Steps

June 12, 2012 2nd Council budget workshop

June 26, 2012 Council budget adoption

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City of Alameda General Fund Budget Study Session May 29, 2012



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